

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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In the Matter of:

THE COMPLAINT OF MR. THOMAS E. TAPP)
AGAINST THE NORTH WOODFORD COUNTY) CASE NO. 8986
WATER DISTRICT)

O R D E R

On June 22, 1983, Mr. Thomas E. Tapp, Route 1, Box 98, Midway, Kentucky, filed a complaint with the Commission against the North Woodford County Water District ("North Woodford"). Mr. Tapp has asked North Woodford to provide him with a residential water service connection in accordance with its approved tariffs. North Woodford has refused to do so because it considers a "Construction Cost Sharing Plan" to be applicable to Mr. Tapp or to any other party that obtains service from the water main fronting Mr. Tapp's property. North Woodford was advised that its official tariffs of record with the Commission did not include a Cost Sharing Plan. This did not alter the opinion of North Woodford on the applicability of such a plan to Mr. Tapp, and a hearing was requested for resolution of the matter.

A public hearing was held in the offices of the Commission in Frankfort, Kentucky, on March 13, 1984, to provide all parties of interest an opportunity to be heard. Appearing at the hearing

and providing testimony for the complainant was Mr. Thomas E. Tapp, the complainant. Appearing and providing testimony for North Woodford were Mr. Daniel L. Shoemaker, its engineer, and Mr. Harry Davis, its chairman. Mr. Leroy Cook and Mr. Johnny Popp were granted leave to intervene in the matter. They represented the eight property owners who paid for the water main from which Mr. Tapp has asked to be served. Testimony on behalf of these property owners was provided by Mr. Cook.

DISCUSSION

The water supply for Mr. Tapp's home at the time of purchase was through a multi-party meter fed by a water line traversing the rear boundaries of his property and his neighbors' properties. The location of the Louisville and Nashville railroad tracks had determined the location of the supply pipeline. A dispute with his neighbors over who should bear the cost of water line repairs and the cost of water lost through leakage resulted in Mr. Tapp's loss of service through the multi-party meter.

The 4-inch water main fronting Mr. Tapp's property extends from Duckers Station to Steele Road in northwest Woodford County. Construction of this main ("Duckers Station - Steele Road") was completed by North Woodford's contractor in June of 1982. Its \$31,006 construction cost was borne by the eight property owners ("Participants") served by the main.

The Cost Sharing Plan proposed by North Woodford would equalize the amount paid by each Participant in the plan regardless of the number of Participants. The tenth Participant would pay 1/10 of the \$31,066 cost, the eleventh Participant 1/11th of the cost, the twelfth Participant 1/12th of the cost, etc. All existing Participants would be refunded an equal portion of the amount paid by a new Participant. North Woodford paid for the engineering services utilized in the design and construction of the water main.

The monetary contribution of each participant to the cost of construction of the Duckers Station - Steele Road Main was a substantial contribution born out of an essential need for water. These contributions were not made in the interest of bettering the welfare of others with similar needs and ability to bear equivalent shares of the cost of construction. For this reason, the Participants and North Woodford decided to seek Commission approval of a Construction Cost Sharing Plan under Section 12(4) of 807 KAR 5:066. This Cost Sharing Plan was filed with the Commission for review and approval on August 19, 1983. North Woodford informed the Participants, however, that Commission approval of such a plan was not assured and that they may never recover any of the construction cost.

FINDINGS AND ORDERS

The Commission, after consideration of the evidence of record and being advised, is of the opinion and finds that:

1. Mr. Tapp applied for water service from North Woodford on April 23, 1983, a date precedent to the date of filing of North

Woodford's Cost Sharing Plan. Therefore Mr. Tapp should be provided service in accordance with the tariffs in effect on the date of his application.

2. The Duckers Station - Steele Road Main was completed by North Woodford in June of 1982, at a construction cost of \$31,006. This cost was shared equally by the nine applicants for service with the understanding that they might never recover any portion of their contribution from North Woodford.

3. The Cost Sharing Plan filed by North Woodford on August 19, 1983, does not provide for an extension of 50 feet at the expense of North Woodford, could lead to a different extension policy and fee for each new extension, would create an extensive accounting and record keeping requirement and therefore should not be approved.

4. All reimbursements to the original contributors on the Duckers Station - Steele Road Main extension shall be made in accordance with Section 12(2) of 807 KAR 5:066.

5. The increase in connection charges filed as a part of the Cost Sharing Plan should be refiled as a separate tariff with appropriate cost justification.

IT IS THEREFORE ORDERED that North Woodford County Water District shall provide water service to Mr. Thomas E. Tapp in accordance with the tariffs in effect on April 23, 1983.

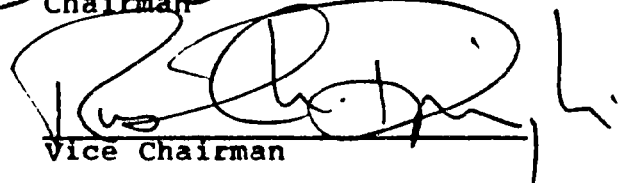
IT IS FURTHER ORDERED that the approval sought by North Woodford County Water District for a Cost Sharing Plan be and it hereby is denied.

IT IS FURTHER ORDERED that North Woodford County Water District shall refund to the original contributors on the Duckers Station - Steele Road Main extensions the cost of 50 feet of the extensions for each additional customer added thereto in accordance with Section 12(2) of 807 KAR 5:066.

Done at Frankfort, Kentucky, this 21st day of June, 1984.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Secretary